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The dividend tax scandal

Here is the backers' deduction - one item is gigantic

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Matthew Stein, one of the masterminds in the dividend case, which has cost Denmark a total of DKK 12.7 billion. Photo: TV 2

by Morten Spiegelhauer, Thomas Østerlin Koch, Joachim Claushøj Bindslev & Peter Vesterlund

The masterminds in the biggest fraud case in Danish history have been allowed to deduct their expenses in a secret settlement with the Tax Agency.

The people behind the dividend case have apparently spent enormous sums on withdrawing billions from Denmark, and they have been allowed to deduct them in a settlement with the Tax Agency.

https://nyheder-tv2-dk.translate.goog/samfund/2019-09-27-her-er-bagmaendenes-fradrag-en-post-er-gigantisk?_x_tr_sl=da&_x_tr_tk=1

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PLAINTIFFS' EXHIBIT

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money talks - numbers in the settlement

- In May 2019, the Tax Agency entered into a settlement of DKK 1.6 billion. DKK with a group of pension funds in the dividend case.
- According to the Danish Tax Agency, the pension funds had received DKK 2.9 billion.
- In an appendix to the settlement, however, it appears that the pension funds are involved in payments for at least DKK 4.1 billion. DKK
- The Tax Agency explains the difference by saying that 19 of the pension funds, which have received 1.2 billion DKK, is not part of the settlement.
- The settlement states that the 19 pension funds are covered parties, but that there are also persons outside the settlement who have ownership shares in the pension funds.

In the confidential settlement, which you can read about here

(https://nyheder-tv2-dk.translate.goog/samfund/2019-09-25-bagmaend-faar-milliardfradrag-i-hemmeligt-forlig-med-skattestyrelsen?_x_tr_sl=da&_x_tr_tl=en&_x_tr_hl=en&_x_tr_pto=wapp) , it is clear that the people behind it and their network can deduct all expenses in connection with siphoning money out of Denmark.

The text of the settlement does not show exactly how the deduction of a billion is distributed among the various items, but you can get an impression of the distribution, as it appears from one of the earlier drafts of the final settlement.

Billions for consulting

The previous draft is from the summer of 2018, when the Tax Agency negotiated with a larger group of pension funds that had withdrawn a total of DKK 5.7 billion from Denmark. Therefore, we do not know whether the distribution is exactly the same in the final settlement.

One of the items that appears in the draft settlement is advice on refunding dividend tax. It is DKK 3.1 billion out of DKK 5.7 billion.

There are no details about the advice for billions of kroner, which is described as "Fees for Tax Reclaim Advisory Services".

Here you can get an overview of the various items in the draft settlement:

- Tax reclaim advisory services: 3.1 billion
- Reclaim Agent Fees: 44 million
- Brokerage Fees and Commissions: 23 million
- Custodial and clearing fee: 115 million
- Trading expenses: 263 million
- Accounting and Other Administrative Fee: 36 million
- Legal Fees: 62 million
- Net Payments to Others: 66 million
- Payments of US Income Taxes: DKK 156 million

Source: Negotiation document from July 2018 between the Tax Agency and 118 American pension funds. Part of the group was later sued, so the final settlement is with 80 pension funds.

Many got money

Reclaim agents are the intermediaries who sent the documents to Tax. They got 44 million kroner.

And then there are a large number of expenses for stockbrokers, banks, lawyers, auditing and the US IRS.

Smashes the sense of justice

Law professor Eva Smith from the University of Copenhagen is deeply surprised that the pension funds and those behind them can deduct expenses.

- It is absolutely devastating for the sense of justice if something like this can be done.

Thread for Shah

The enormous costs of consulting on dividend tax refunds are not described in detail.

But court documents point in the direction of a former employee of Sanjay Shah, another mastermind in the dividend case, who has withdrawn 8

billion kroner from the treasury.

The former employee, Briton Rajen Ranmal Shah, advised the masterminds Matthew Stein and Jerome Lhote, who, according to TV 2's documentation, are involved in a suspected fraud for 4.1 billion kroner about dividend reimbursement, according to a reply.

The counseling lasted seven months from March to September 2014, according to court documents.

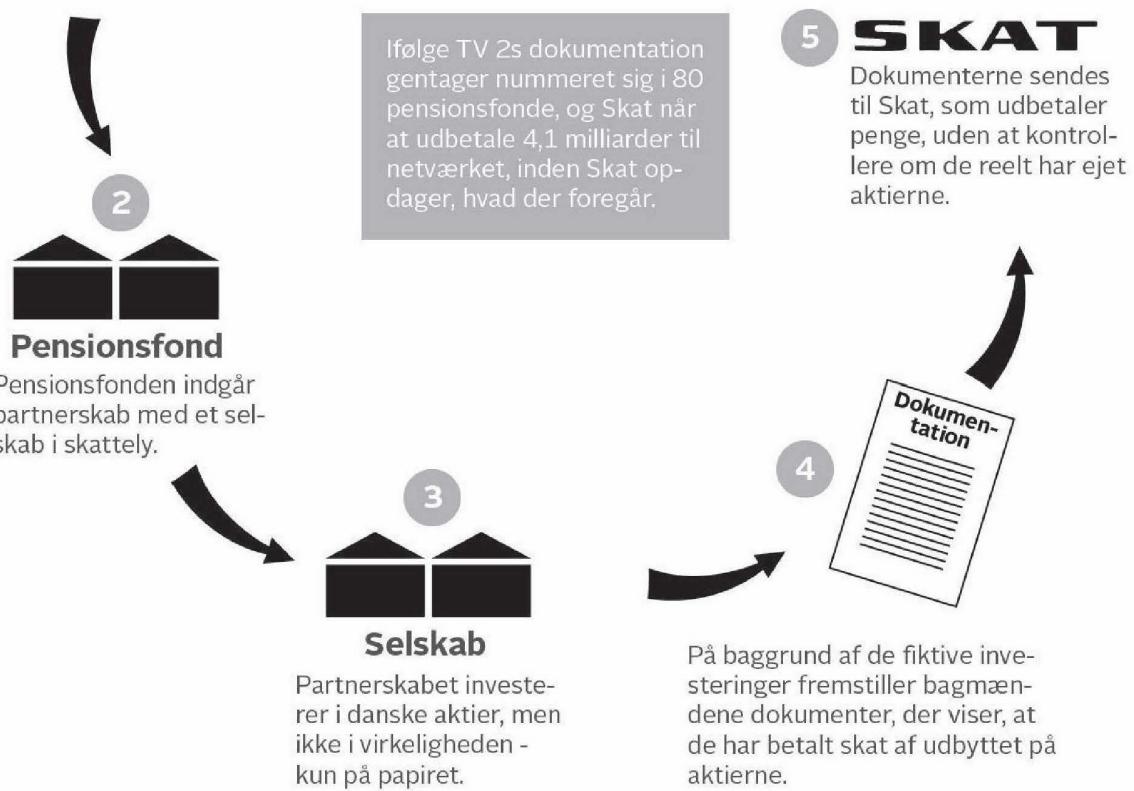
Adviser sued by the Tax Agency

TV 2 is in possession of a handwritten letter from Sanjay Shah in which he talks about a group of employees who left his company to start their own and join a former client in the US.

One of them was Rajen Ranmal Shah, who is being sued for fraud by the Tax Agency.

The final settlement between the Tax Agency and the American pension funds was concluded in May 2018. Matthew Stein and Jerome Lhote did not want to comment on the settlement or their role in the dividend case in general.

The dividend case is being investigated for the fifth year in a police collaboration between Denmark, Germany, Belgium, Great Britain and the United States. No one has been charged by the Bagmandspolitiet.



Also see

- [Here is the secret settlement with the masterminds in the tax fraud case](#)
- [Backers get billions in deductions in a secret settlement with the Tax Agency](#)
- [The professor wonders about the Tax Agency's figures](#)
- [The fish king from New Jersey who emptied the Danish treasury](#)
- [Grandma helped extract billions from Denmark in a dividend scandal](#)
- [Suspect in Danish dividend case arrested in Great Britain](#)